CIRM RFA-07-01

Application # CL1- 00503-1

STAFF ANALYSIS

FEASIBILITY:

Project Scope: The project will complete upgrades in an existing laboratory/office building, originally built in the1950s with modifications in the early 1990s, by renovating the third floor of the building for use as the International Stem Cell Research Institute. The current use of the space is offices. The project will require complete demolition of the interior space. The project is well defined and includes seismic work through additional bracing as required by code, however, the cost is not separated from construction costs in the project budget.

Ultimately, the institution is planning for the entire 20,093 gsf of the 3rd floor of the building to be devoted to stem cell research with 2,950 gsf planned for renovation for this program.

Project Management: The proposal has included a high level diagram of their project change order process but did not specifically address the details of their planning process for the construction management processes.

COST:

The institution has estimated the cost of construction of $1,706,198 with an additional $147,675 of institutional based work which is not defined, for a total cost of $2,453,030 including design, administrative and contingency fees. Based on the information provided, the institution has presented inconsistent information regarding costs as shown on several different tables presented in this proposal The project includes $14,750 for relocations costs which are not included in this proposal. On the budget table provided, the design fees, administrative costs and project contingency request for CIRM funds represent 32 percent of the CIRM funded construction amount. This amount exceeds the RFA budget guidelines of 25 percent by $54,276. Most important, the applicant has presented inconsistent budgets for the total construction cost.

The overall cost per asf for the renovation work is $831. To convert this to a comparable figure for gross square feet (gsf) in a typical research-intensive building, one would assume an overall building efficiency of assignable-to-gross area of 60 percent. Thus, the 2,950 asf would equate to 4,720 gsf if one considers the full complement of building space (e.g. the gross building area including circulation and support) constructed to support the area to be renovated. Using this calculated gross area, the cost per gsf would amount to $519/gsf. This provides a more meaningful comparison to new laboratory building construction costs. We conclude that the average cost for new laboratory construction would be about $600/gsf, excluding land and site utilities. This amount would vary within California, but is being used here as an indicator of new construction

value for comparative purposes. Based on this comparison, we conclude that the renovation work represents about 86 percent of the cost of new laboratory space. Our analysis indicates that costs should not exceed about 65 percent of new construction in order to be considered a reasonably good investment to provide new hESC laboratory space.

The applicant indicates that the shared laboratory would be able to accommodate the NIH-free laboratory space needs for 28 Principal Investigators (PIs) based at the host institution. Based on the total cost for the shared laboratory, the cost per PI is about $88,000. Based on CIRM funding only (construction and equipment) the cost per institutional-based PI is $70,752.

The applicant does not address a commitment to any cost overrun issues.

TIMELINE:

The applicant plans to begin this project in July 2007. The project schedule indicates that preliminary plans and will be complete in August 2007 and working drawings would begin in August 2007 with an estimated completion by October 2007. The construction contract is to be awarded in March 2008. The plan is to complete construction by December 2008, which appears aggressive for the amount of work to be performed.

INSTITUTIONAL COMMITMENT:

The applicant indicates that $1,471,818 for construction and an additional $1,497,809 for equipment will be provided as institutional matching funds for the Shared Research Labs. This amount is well over the range of the minimum matching requirement of 20 percent of the grant amount.

HISTORICAL PERFORMANCE:

Data for three projects undertaken between 2000 and 2006 were submitted for historical performance information. These projects range in cost from $123,000 to $32.5 million. In all three cases, the final project cost was at or below the original budget. Project completion was on time in one case, and three weeks later than scheduled in the other two cases.

RESPONSIVENESS:

Shared Laboratory: The applicant cites a significant number of institutional-based PI's as users of the facility. The applicant provided the minimum amount of information for the renovation project and equipment purchases.

Technique Course: The applicant has not requested funding for a techniques course.

Application # CL1- 00503-1

Facilities Work Group Issues

1. **Unallowable costs**--How will the FWG address the following ineligible costs:
    - $57,525 cost for furnishings, $14,750 for relocation, which is not eligible under this RFA.
    - $54,276 budgeted for design fees, administrative costs and contingency that exceeds the amount allowed in the RFA.

2. **Costs**--How will the FWG resolve the inconsistent budgets presented in the proposal?

The grant management office will need to confirm that all conditions of the grant as indicated in the Grants Administration Policy have been met. This would include confirming that all past work is consistent with grant requirements for prevailing wage and other construction-related requirements. This includes confirmation that equipment funds are budgeted pursuant the Grants Administration Policy as adopted December 7, 2006.